

IRELL & MANELLA LLP
 Morgan Chu – mchu@irell.com (70446)
 Jonathan Steinberg – jsteinberg@irell.com (98044)
 Benjamin Hattenbach – bhattenbach@irell.com (186455)
 1800 Avenue of the Stars, Suite 900
 Los Angeles, California 90067-4276
 Telephone: (310) 277-1010
 Facsimile: (310) 203-7199

Attorneys for Plaintiff
 TESSERA, INC.

UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA

TESSERA, INC.,)	CASE NO. C 05-04063 CW
)	
Plaintiff,)	TESSERA, INC.'S FIRST AMENDED
)	COMPLAINT FOR PATENT
vs.)	INFRINGEMENT
)	
ADVANCED MICRO DEVICES, INC., a)	DEMAND FOR JURY TRIAL
Delaware corporation, SPANSION INC., a)	
Delaware corporation, SPANSION)	
TECHNOLOGY INC., a Delaware)	
corporation, and SPANSION LLC, a)	
Delaware limited liability corporation,)	
)	
Defendants.)	

Plaintiff Tessera, Inc. ("Tessera"), by and through its undersigned attorneys, for its First Amended Complaint against Defendants Spansion Inc., Spansion Technology Inc., and Spansion LLC (collectively, "Spansion") and Advanced Micro Devices, Inc. ("AMD"), alleges as follows:

PARTIES

1. Tessera is a Delaware corporation with its principal place of business in San Jose, California.

2. Tessera is informed and believes, and thereon alleges, that AMD is a Delaware corporation with its principal place of business in Sunnyvale, California.

3. Tessera is informed and believes, and thereon alleges, that at the time this Action commenced, Spansion LLC was a Delaware limited liability corporation with its principal place of business in Sunnyvale, California.

4. Tessera is informed and believes, and thereon alleges, that Spansion LLC is currently undergoing a corporate restructuring and that as a result a new entity, Spansion Inc., is a Delaware corporation with its principal place of business in Sunnyvale, California, and Spansion Technology Inc. is or will be a Delaware corporation with its principal place of business in Sunnyvale, California. On information and belief, Spansion LLC will be a wholly-owned subsidiary of Spansion Technology Inc., and will be merged into Spansion Technology Inc., which in turn will be a wholly owned subsidiary of Spansion Inc.

5. AMD and Spansion are referred to collectively as the “Defendants.”

JURISDICTION

6. This action arises under the patent laws of the United States of America, 35 U.S.C. section 1, *et seq.*, including 35 U.S.C. section 271. This Court has subject matter jurisdiction pursuant to 28 U.S.C. sections 1331 and 1338(a) in that this is a civil action arising out of the patent laws of the United States of America.

VENUE

7. Venue in the Northern District of California is proper pursuant to 28 U.S.C. sections 1391(b) and (c), and 1400(b) because Tessera is informed and believes, and thereon alleges, that the Defendants have done business in this District and have committed and continue to commit acts of patent infringement in this District and a substantial part of the events or omissions giving rise to Tessera’s claims occurred in this district and Defendants may be found and/or reside in this district.

INTRADISTRICT ASSIGNMENT

8. The Tessera patents were involved in two previous civil actions before Judge Claudia Wilken in the Oakland Division, have already had their claims construed by Judge Wilken, and in one instance were the subject of a trial before Judge Wilken (Case Nos. C-02-05837-CW and C-00-2114-CW). Tessera therefore believes this case has been properly assigned

1 to Judge Wilkin. This is an intellectual property action that otherwise is assignable pursuant to
2 Civil L.R. 3-2(c) on a district-wide basis.

3 **GENERAL ALLEGATIONS**

4 9. Tessera is a global leader in the development of semiconductor packaging
5 technology. Semiconductor packages serve as the electrical interface between semiconductor
6 chips and the systems in which they operate. They also protect delicate chips from damage,
7 contamination, and stress resulting from repeated heating and cooling. Tessera's technology
8 allows companies around the world to meet the growing demand for smaller, faster, less expensive
9 and more reliable electronic products, including cutting edge medical devices and critical military
10 defense components. The United States Patent Office has awarded Tessera over 300 patents that
11 reflect its innovation and protect the company's investment in the technology it has developed.

12 10. More than 50 semiconductor manufacturers and packaging companies such as Intel,
13 Texas Instruments, Renesas, Toshiba, Sharp, Hitachi, Matsushita, Fujitsu, Sanyo, Hynix and
14 Samsung have taken licenses to Tessera's patented technology. The rights granted by Tessera
15 under its patents enable companies like Dell, Compaq, Nokia, Ericsson and Sony to continue to
16 provide consumers with new generations of electronic products. Tessera's patented innovations
17 have already been incorporated into more than four billion semiconductors sold throughout the
18 world. Tessera's technology also enables defense contractors such as General Dynamics, as well
19 as government agencies and the U.S. Army, to advance our nation's homeland defense and
20 military preparedness.

21 11. Tessera is informed and believes, and thereon alleges, that at the time this Action
22 was commenced, Spansion LLC was a majority-owned subsidiary of AMD. In 1993, AMD and
23 Fujitsu engaged in a joint venture to form Spansion LLC to manufacture flash memory products.
24 At that time, Spansion LLC was named Fujitsu AMD Semiconductor Limited ("FASL"). FASL
25 manufactured and sold flash memory wafers to AMD and Fujitsu, which converted the flash
26 memory wafers into finished memory products by, among other things, assembling them into
27 semiconductor packages using Fujitsu's packaging and manufacturing operations. Fujitsu and
28

1 AMD each then sold the finished memory products to their customers using their own commercial
2 indicia.

3 12. In April of 1998, AMD took a limited license to Tessera's patented technology that
4 specifically excludes certain semiconductor packages with chips in face-up orientations from the
5 license grant. AMD has no right to use Tessera's patents for such packages or to have others, such
6 as Spansion, make such packages.

7 13. Tessera is informed and believes, and thereon alleges, that in 2003, AMD and
8 Fujitsu reorganized FASL's business as a Delaware limited liability corporation called FASL
9 LLC, later renamed Spansion LLC. As part of this transaction, AMD and Fujitsu provided
10 Spansion LLC with additional flash memory manufacturing assets to enable Spansion LLC to
11 develop flash memory products, assemble semiconductor packing for its products, and sell
12 finished memory products. AMD contributed, to Spansion LLC, AMD's flash memory inventory
13 a number of assets including a flash memory research and development facility located in
14 Sunnyvale, California known as the Submicron Development Center ("SDC") and flash memory
15 assembly and test operations in Malaysia.

16 14. Tessera is informed and believes, and thereon alleges, that Fujitsu also contributed,
17 to Spansion LLC, Fujitsu's flash memory division and related inventory, cash, and flash memory
18 assembly and test operations in Malaysia. As a result, Spansion LLC expanded its operations to
19 include additional flash memory wafer fabrication capacity and Fujitsu's former semiconductor
20 package assembly operations and related technology.

21 15. Tessera is informed and believes, and thereon alleges, that as a result of the FASL
22 reorganization, AMD maintained a 60% ownership interest in Spansion LLC while Fujitsu
23 maintained a 40% ownership interest in Spansion LLC.

24 16. Tessera is informed and believes, and thereon alleges, that since the FASL
25 reorganization, Spansion has manufactured and sold packaged flash memory products to
26 customers worldwide through its sole distributors, AMD and Fujitsu. Spansion currently engages
27 in the manufacture, marketing and promotion of flash memory products, which it markets under
28

1 the Spansion brand name. Spansion now intends to sell its flash memory products directly to
2 customers as well as through its distributors.

3 17. Tessera is informed and believes, and thereon alleges, that packaging is an integral
4 element of Spansion's products. Spansion offers many of its memory products in ball grid array
5 (BGA) format packages, and also in multi-chip BGA packages ("MCPs"), in which semiconductor
6 chips are oriented in a face-up manner and include Tessera's patented technology.

7 18. In March of 2005, Fujitsu took a license to certain Tessera patented semiconductor
8 integrated circuit packaging technology. Fujitsu wished to use the Tessera patented technology to
9 assemble and sell certain products.

10 19. Tessera is informed and believes, and thereon alleges, that Fujitsu utilizes Tessera's
11 chip-scale packaging (CSP) technology in many semiconductor devices. The technology available
12 to Fujitsu covers a broad range of chip-scale and MCP types, including integrated circuit devices
13 packaged in "face-down," "face-up," "fold-over," "stacked," and "system-in-package" (SiP)
14 formats.

15 20. Tessera is informed and believes, and thereon alleges, that the Defendants became
16 aware of the Tessera Patents at least as early as, and possibly earlier than, December 11, 2003.
17 Despite the limited nature of AMD's license, and Spansion's lack of any license whatsoever to
18 practice any of Tessera's patented technology, the Defendants have, with full knowledge of
19 Tessera's patents, made, and continue to make, extensive and profitable use of Tessera's patented
20 face-up packaging advances without fairly compensating Tessera's shareholders. Unlike the many
21 companies that behaved responsibly and with respect for Tessera's United States patents, the
22 Defendants have chosen a very different and illegal course of action. Tessera has accordingly
23 been forced to bring this action.

24 **THE PATENTS-IN-SUIT**

25 21. United States Patent No. 5,679,977 ("977 patent"), entitled "Semiconductor Chip
26 Assemblies, Methods Of Making Same And Components For Same" was duly and legally issued
27 on October 21, 1997. Tessera is the owner by assignment of all right, title and interest in and to
28 the '977 patent. A copy of the '977 patent is attached as Exhibit A.

22. United States Patent No. 5,852,326 (“‘326 patent”), entitled “Face-Up Semiconductor Chip Assembly” was duly and legally issued on December 22, 1998. Tessera is the owner by assignment of all right, title and interest in and to the ‘326 patent. A copy of the ‘326 patent is attached as Exhibit B.

23. United States Patent No. 6,433,419 (“‘419 patent”), entitled “Face-Up Semiconductor Chip Assemblies” was duly and legally issued on August 13, 2002. Tessera is the owner by assignment of all right, title and interest in and to the ‘419 patent. A copy of the ‘419 patent is attached as Exhibit C.

24. United States Patent No. 6,465,893 (“‘893 patent”), entitled “Stacked Chip Assembly” was duly and legally issued on October 15, 2002. Tessera is the owner by assignment of all right, title and interest in and to the ‘893 patent. A copy of the ‘893 patent is attached as Exhibit D.

25. The ‘977 patent, ‘326 patent, ‘419 patent and ‘893 patent are hereafter referred to as the “Tessera Patents.”

FIRST CAUSE OF ACTION
(Patent Infringement By AMD)

26. Tessera realleges and incorporates by reference paragraphs 1 through 25 as if set forth herein in full.

27. Tessera is informed and believes, and thereon alleges, that in violation of 35 U.S.C. § 271 AMD has been and is currently directly infringing, contributorily infringing and/or inducing infringement of the Tessera Patents by, among other things, making, using, offering to sell, selling and/or importing without authority or license from Tessera infringing semiconductor components and assemblies, including flash memory devices having BGA and MCP packages with semiconductor chips arranged in a face-up orientation.

28. Tessera is informed and believes, and thereon alleges, that AMD’s infringement of the Tessera Patents has been and continues to be willful.

29. Unless enjoined, AMD will continue to infringe the Tessera Patents, and Tessera will suffer irreparable injury as a direct and proximate result of AMD’s conduct.

1 30. Tessera has been damaged by AMD's conduct, and until an injunction issues will
2 continue to be damaged in an amount yet to be determined.

3 **SECOND CAUSE OF ACTION**
4 **(Patent Infringement By Spansion)**

5 31. Tessera realleges and incorporates by reference paragraphs 1 through 25 as if set
6 forth herein in full.

7 32. Tessera is informed and believes, and thereon alleges, that in violation of 35 U.S.C.
8 § 271 Spansion has been and is currently directly infringing, contributorily infringing and/or
9 inducing infringement of the Tessera Patents by, among other things, making, using, offering to
10 sell, selling and/or importing without authority or license from Tessera infringing semiconductor
11 components and assemblies, including flash memory devices having BGA and MCP packages
12 with semiconductor chips arranged in a face-up orientation.

13 33. Tessera is informed and believes, and thereon alleges, that Spansion's infringement
14 of the Tessera Patents has been and continues to be willful.

15 34. Unless enjoined, Spansion will continue to infringe the Tessera Patents, and
16 Tessera will suffer irreparable injury as a direct and proximate result of Spansion's conduct.

17 35. Tessera has been damaged by Spansion's conduct, and until an injunction issues
18 will continue to be damaged in an amount yet to be determined.

19 **PRAYER FOR RELIEF**

20 WHEREFORE, Tessera requests that this Court enter a judgment as follows:

21 A. Judgment that the Tessera Patents are valid and enforceable;

22 B. Judgment that AMD and Spansion infringe each of the Tessera Patents and that
23 their infringement is, and has been, deliberate and willful;

24 C. Judgment that this case is exceptional in accordance with 35 U.S.C. § 285;

25 D. An order that preliminarily and permanently enjoins AMD and Spansion, and their
26 directors, officers, employees, attorneys, agents and all persons in concert or participation with
27 any of the foregoing from further acts that infringe, contributorily infringe or induce infringement
28 of the Tessera Patents;

1 E. An order that awards Tessera recovery for all damages that result from the
2 Defendants' infringing acts;

3 F. An order that trebles the amount of damages as a result of the willful and deliberate
4 nature of the Defendants' conduct;

5 G. An order that awards Tessera interest on damages;

6 H. An order that directs the Defendants to pay Tessera's costs, expenses and attorney
7 fees in accordance with 35 U.S.C. §§ 284 and 285 and Rule 54(d) of the Federal Rules of Civil
8 Procedure; and

9 I. An order for such other and further relief as this Court deems just and proper.

10 DATED: December 16, 2005

Respectfully Submitted,

11
12 IRELL & MANELLA LLP
Morgan Chu (70446)
Jonathan Steinberg (98044)
13 Benjamin Hattenbach (186455)

14
15 By: _____/s/
Benjamin Hattenbach (186455)
16 Attorneys for Plaintiff
TESSERA, INC.

DEMAND FOR JURY TRIAL

Tessera hereby demands a trial by jury on all issues triable to a jury.

DATED: December 16, 2005

Respectfully Submitted,

IRELL & MANELLA LLP
Morgan Chu (70446)
Jonathan Steinberg (98044)
Benjamin Hattenbach (186455)

By: _____/s/
Benjamin Hattenbach (186455)
Attorneys for Plaintiff
TESSERA, INC.